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THE COMMERCIAL NATIONAL BANK
of Anniston
ANNISTON, ALABAMA

December 3, 1947

Mr. M. S. Eccles, Chairman
Board of Governors Federal Reserve System
Washington, D. C.

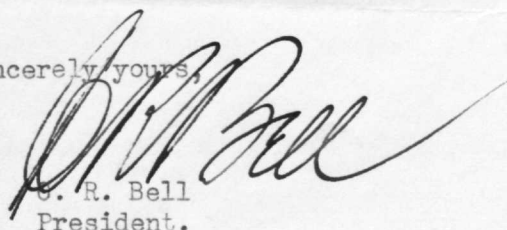
My dear Mr. Eccles:

This acknowledges receipt of your letter of November 28th addressed to the Banks with a copy of the Economic Report made by you to the Joint Committee of the Congress.

I have been very much pleased at your attitude in regard to putting in some controls on this inflationary bank credit expansion.

Enclosed you will please find copy of letter to Mr. Cravens, Chairman of the Credit Policy Committee of the American Bankers Association. I have been very much surprised at the attitude of this Committee, as I do not believe that Mr. Cravens and his Committee are reflecting the opinion of the majority of the banks of this country. I am sure this is true as far as the smaller banks are concerned.

Sincerely yours,



C. R. Bell
President.

CRB:MEW

Commercial National Bank

Anniston, Alabama

December 1, 1947

Hon. Kenneth R. Cravens, Vice President
Mercantile-Commerce Bank & Trust Company
St. Louis, Missouri

My dear Mr. Cravens:

I note in the American Banker of November 25th you have been quoted as saying that Consumer Credit Control by the Government would be detrimental to people in the lower income bracket, to business, to banks and to the Government itself.

As you are a member of the Credit Policy Committee of the American Bankers Association, I assume you are speaking for your Committee, as well as for the bankers, as a whole.

Your statement came very much as a surprise to me, as all of the bankers in Alabama that we have contacted appear to be very much in favor of Regulation W. In fact, regretted that it had ever been removed. We believe this would be the opinion of the vast majority of the country banks.

If we only had to meet the competition of bankers, it would probably not be necessary to have controls, but, unfortunately, we are up against other competitors, whose credit policy is much more liberal than bankers. With the wild, reckless purchasing, which is being done by so many of the laboring people at present, it would be a blessing for them to be protected by some controls.

We are very much surprised at your statement that the liberal credit policy now in effect is not contributing to inflation. I do not know just how intimate your connection is with individuals actually making these installment purchases, but we see evidence every day of its operation and know that this tremendous purchasing power is contributing in a very large way to inflation.

Personally, the writer is very much opposed to regimentation, but if something is not done to control this installment buying, such as Regulation W, thereby cutting down the demand for merchandise of all kinds, we are certainly headed for trouble. You state it would encourage people to cash their Government Savings Bonds. Don't you think it would be a very fine determination if it could stop this reckless purchasing, as many of them would prefer to do without rather than selling their bonds?

Commercial National Bank

Anniston, Alabama

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Hon. Kenneth R. Cravens

You state it may be possible to cite isolation, in which some marginal lenders have extended terms that a bank would not grant, but in most cases they represent the outer fringe of installment lenders. We have already begun to see some evidence of this and if competition increases, you will see much more, until finally there will be a scramble for this business upon a very unfavorable business basis. You might say, that banks could stop and not accept business of this kind, but, unfortunately, it is not quite so easy as this, as naturally banks want this very profitable business, but if other agencies begin to extend unsound credit, it is very difficult to get this business upon any other basis than the terms which will be offered by other credit agencies.

We hope your Committee will give further study to this matter and approve the program of President Truman and Mr. Eccles .

Sincerely yours,

C. R. Bell
President.

CRB:MEW

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